Politicization of Oil Market, Harmful to Consumers, Producers: Iran

Iranian Oil Minister Bijan Zangeneh

TEHRAN (Dispatches) – **Iranian Minister of Petroleum Bijan Zangeneh said, "The politicization of the oil market harms the consumers as well as producers of this strategic item."**

According media, the official who was speaking on the sidelines of the 16th International Energy Forum (IEF) in New Delhi on Wednesday, said the gathering was primarily focused on the upcoming challenges of oil and gas supply in the world.

"Iran's view is that although the role of oil will diminish in the future, it will continue to play its role in global markets, and the world's nations will need oil by at least 2040," he said. "Therefore, this area still needs investment."

Zangeneh said that $60 a barrel is a good price for oil currently as the market should avoid volatility.

"I believe in this situation around 60 (dollars per barrel) is a good price," said Zangeneh.

When asked if global benchmark Brent oil trading at $70 a barrel were too high, he answered, "Yes."

"I think we should look at the market not for short-term, long-term, mid-term is important for us," he said. "It is very important for producers and consumers not to have volatility in the market."

The official said, "The oil market should be non-politicized and gas should signify in global markets. Politicization of the oil market will harm oil consumers as well as oil producers because the market is an interconnected set and damage to a country would mean damage to other countries."

Referring to the Iran-India relations in the area of energy and issues between the two countries regarding Farzad B gas project, Zangeneh said: "After the visit of Iranian President Hassan Rouhani to India, relations between the two countries have improved day by day."

"The prospect of Iran-India cooperation in the field of energy is very positive and the two countries in the field of development of the Farzad B gas field have also made great progress," the official added.

He said such issues as providing the field's master development plan and the project's timetable need to be finalized between the two countries before the 400-page agreement between them can be implemented.

China Seeks Extra Iran, Russia Crude

SINGAPORE (Platts) - **China state-run refiner Sinopec will cut back on its nominations of Saudi Arabian crude in May after the major OPEC producer's latest official selling prices came out above market consensus, potentially providing other producers in the Middle East and Asia Pacific with a chance to boost sales to the giant Asian consumer.**

Sinopec, one of Saudi Aramco's biggest customers, has opted for lower nominations in May in response to the higher-than-expected OSPs; the Chinese end-user will take 40% less volume than allocated in the month across all Saudi export grades, an official at the company's trading arm Unipec has told S&P Global Platts .

Late last week, Saudi Aramco lowered the majority of its OSP differentials for crudes heading to Asia in May from April levels, but several Asian end-users were still disappointed, as they had expected much bigger cuts.

In addition, Aramco surprised many Asian customers by raising its Arab Light crude OSP differential for May by 10 cents/b from April, contrary to Asian market consensus of a minimum 20 cent/b cut.

Iran, Uzbekistan Eager to Boost Economic Ties

TEHRAN (Dispatches) - **Uzbekistani officials have said they are looking to increase trade turnover with Iran by over 50 percent by the end of the year.**

"The amount of trade turnover between the two countries amounted to $325 million in 2017. Cooperation in the sphere of transport can pave the ground for an increase in the volume of trade turnover, this number can reach $500 [million] dollars till the end of current year," Uzbekistan's first deputy Prime Minister Ochilboy Ramatov has said.

Uzbekistan plans in exporting 5,000 tons of oil and 100,000 tons of wheat to Iran. At the same time, the country is interested in buying up to 3 million tons of crude oil from Iran annually.

Last October a delegation led by Uzbekistan's Foreign Minister Abdulaziz Kamilov visited Tehran, at which time agreements worth $25 million were signed for the supply of agricultural and textile products.

Uzbekistan is also willing to buy crude oil from Iran, but due to Uzbekistan's lack of access to the Caspian Sea or a direct pipeline to Iran, the fuel must be exported by land or via railroad.

In 2011, the Uzbek state railway company built a short link between Hairatan, a town on the Uzbek-Afghan border. Uzbekistan subsequently expressed interest in extending that line to the northwestern Afghan city of Herat as another link, which is under construction and will directly connect Herat to Iran.

Uzbekistan is also pursuing access routes via Iran to the Persian Gulf.

Total Finalizes Tenders for SP11 Development: Official

TEHRAN (Shana) – **France's energy giant Total has carried out tendering for subcontracts and other preparatory work at its South Pars Phase 11 project in Iran, the CEO of Pars Oil and Gas Company (POGC) said.**

Speaking to Shana, Mohammad Meshkinfam announced that the value of the tenders held by the French major surmounts €700 million.

"Most of the contacts were awarded to Iranian companies and the name of the winners will be publicized soon," the official said.

According to Meshkinfam, once the names of the winning companies are announced, signing of the deals with them will begin.

The tenders concerned such sections of the projects as drilling, jackets, topside, seabed pipeline, platform and installation.

The 11th phase of the South Pars contract was signed between National Iranian Oil Company (NIOC) and a consortium of Total and Petropars Company in Tehran on July 3 2017.

Based on the $4.879 billion deal, Total is operator of the SP11 project with a 50.1% interest, in partnership with Chinese state-owned oil and gas company CNPC (30%), and NIOC subsidiary Petropars (19.9%).

SP11 will be developed in two phases. The first phase, set to cost around $2 billion, will comprise 30 wells and two wellhead platforms connected to existing onshore treatment facilities by two subsea pipelines.

Depending on reservoir conditions as production progresses, offshore compression facilities could be added, a first on the South Pars field.

Since November 2016, Total has performed engineering studies on behalf of the consortium and initiated calls for tender in order to issue Phase 1 development contracts by year-end.

Lukoil Sees Iran Oil Deal in 3-4 Months

TEHRAN (Dispatches) - **The head of Lukoil, Russia's oil-producing giant, Vagit Alekperov said he expects to sign contracts with Iran to develop the country's oil fields of Mansuri and Shanguleh in 3-4 months.**

Lukoil has presented Iran with its plan for the development of the Mansuri project. But on par with that Iran is also taking into consideration the plan submitted by the Indonesian firm Pertamina, which has also applied for the tender to develop this field.

What are the chances of Lukoil winning the tender? What will these contracts be like: unilateral or with the creation of consortium, and what benefit could the Russian oil giant receive from these projects? Sputnik discussed the issue with Omid Shukri Kalehsar, an Iranian independent expert on energy security from Washington.

According to his estimates, Lukoil is the favorite to win the tender, but the potential threat of the breakdown of all oil contracts is coming from the possibility of US withdrawal from the Iran nuclear deal.

"Last August, Lukoil presented Iran with a project to develop the Mansuri oil field with the goal that in March 2018 the parties would sign the final version of the agreement," Kalehsar explained.

According to the expert, during the meeting, Alekperov expressed interest in the development of the Iranian energy sector and noted the priority of investments in the development of oil fields in the country. Given the total volumes of Iranian oil, Alekperov said that the company would not be able to work on all Iranian oil fields, only concentrating on two of them — the Mansuri and the Abe Teimur fields. Both oil fields are located in Khuzestan province in west-central Iran.

According to preliminary calculations, the minimum amount of oil in the Abe Teimur field is 15 billion barrels. One-day production from the Bangestan oil well amounts to 60,000 barrels.

"Iran is expected to find many foreign investors for the development of its oil and gas fields. At present, contracts have been signed for the development of the 11th phase of South Pars (The South Pars gas field is the largest in the world, with reserves of 14 trillion cubic meters of gas and 18 billion barrels of gas condensate, which is 8% of the world's total reserves) with France's Total and China's CNPC, as well as a contract for the re-development of the Aban and Paydare Qarb oil fields with the Russian company Zarubezhneft. If a contract is signed to develop the Mansuri and Shanguleh fields, it will be the first serious contract with foreign companies this year," Kalehsar said.

Brexit Confusion Threatens UK Aviation Industry

LONDON (FT) -**With less than one year until Britain leaves the EU, the future shape of the UK's relations with the bloc and its member countries remains extremely unclear.**

For international businesses making investment decisions that go far beyond Brexit, this situation is damaging and hard to bear. A transition arrangement for the UK's departure will be a positive step, once it is signed. But this is a temporary solution — it does not solve all the issues that need to be addressed. We must have more clarity on the UK's long-term relationships, not just for the next 20 months.

During Airbus production, parts of the wings move between the UK and the EU multiple times before final assembly

My business, aviation, is by its very nature global. Aerospace manufacturers, whose products must meet rigorous safety and certification standards, cannot let political whims drive the crucial issue facing our industry: no certification, no fly. The UK must avoid double certification and double standards.

This would best be achieved through continued participation in the EU aviation safety certification agency, EASA. The European Council apparently foresees an "air transport agreement combined with aviation and security agreements" that are somewhat aligned with current conditions.

This, combined with UK Prime Minister Theresa May's comments, gives me hope the UK will remain a member of EASA and other regulatory agencies, but business cannot plan, or indeed run, on hope.

Airbus's UK sites design and build the wings for all our commercial aircraft. Our customers are not buying British wings; they are buying global aircraft. During production, parts of these wings move between the UK and the EU multiple times before final assembly. This is typical for all of our UK-assembled products and is why the lack of clarity around the customs union and trade is hugely worrying.